

1 HOUSE BILL NO. 121  
 2 INTRODUCED BY R. MINER  
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE RETURN TO THE FEDERAL GOVERNMENT  
 6 OF LODGING TAX REVENUE PAID WITH FEDERAL FUNDS; AND AMENDING SECTIONS 15-65-121 AND  
 7 15-68-820, MCA."  
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10

11 **Section 1.** Section 15-65-121, MCA, is amended to read:

12 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-  
 13 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special  
 14 revenue fund to the credit of the department. The department may spend from that account in accordance with  
 15 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing  
 16 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of  
 17 17-2-124 and as provided in subsections (2)(a) through (2)(i) of this section, the department shall determine the  
 18 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from  
 19 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was  
 20 paid with federal funds to the ~~agency that made the in-state lodging expenditure~~ department of administration  
 21 for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal  
 22 funds in the state general fund.

23 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to  
 24 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with  
 25 federal funds, or deposited in the heritage preservation and development account must be transferred to an  
 26 account in the state special revenue fund to the credit of the department of commerce for tourism promotion  
 27 and promotion of the state as a location for the production of motion pictures and television commercials, to the  
 28 Montana historical interpretation state special revenue account, to the Montana historical society, to the

1 university system, to the state-tribal economic development commission, and to the department of fish, wildlife,  
2 and parks, as follows:

3 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside  
4 historical signs and historic sites;

5 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel  
6 research program;

7 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks  
8 that have both resident and nonresident use;

9 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

10 (e) 60.3% to be used directly by the department of commerce;

11 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to  
12 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total  
13 proceeds collected statewide; and

14 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,  
15 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
16 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
17 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-  
18 county, resort area, or resort area district;

19 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal  
20 economic development commission established in 90-1-131 for activities in the Indian tourism region;

21 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
22 115; and

23 (i) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development  
24 account provided for in 22-3-1004. The Montana heritage preservation and development commission shall  
25 report on the use of funds received pursuant to this subsection (2)(i) to the legislative finance committee on a  
26 semiannual basis, in accordance with 5-11-210.

27 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-  
28 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or

1 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
2 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
3 resort area, or resort area district is located.

4 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual  
5 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism  
6 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a  
7 location for the production of motion pictures and television commercials.

8 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
9 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-  
10 7-502.

11 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
12 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account  
13 pursuant to subsection (2)(h), and to the Montana heritage preservation and development account pursuant to  
14 subsection (2)(i) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.  
15 2021.)

16 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax  
17 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the  
18 state special revenue fund to the credit of the department. The department may spend from that account in  
19 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting  
20 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with  
21 the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department  
22 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%  
23 of that amount from the tax proceeds received each reporting period. The department shall distribute the  
24 portion of the 4% that was paid with federal funds to the ~~agency that made the in-state lodging expenditure~~  
25 department of administration for return to the federal government and deposit 30% of the amount deducted less  
26 the portion paid with federal funds in the state general fund. The amount of \$400,000 each year must be  
27 deposited in the Montana heritage preservation and development account provided for in 22-3-1004.

28 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to

1 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with  
2 federal funds, or deposited in the heritage preservation and development account must be transferred to an  
3 account in the state special revenue fund to the credit of the department of commerce for tourism promotion  
4 and promotion of the state as a location for the production of motion pictures and television commercials, to the  
5 Montana historical interpretation state special revenue account, to the Montana historical society, to the  
6 university system, to the state-tribal economic development commission, and to the department of fish, wildlife,  
7 and parks, as follows:

8 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside  
9 historical signs and historic sites;

10 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel  
11 research program;

12 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks  
13 that have both resident and nonresident use;

14 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

15 (e) 63% to be used directly by the department of commerce;

16 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to  
17 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total  
18 proceeds collected statewide; and

19 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,  
20 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
21 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
22 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-  
23 county, resort area, or resort area district;

24 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal  
25 economic development commission established in 90-1-131 for activities in the Indian tourism region; and

26 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
27 115.

28 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-

1 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or  
 2 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
 3 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
 4 resort area, or resort area district is located.

5 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual  
 6 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism  
 7 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a  
 8 location for the production of motion pictures and television commercials.

9 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
 10 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-  
 11 7-502.

12 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
 13 account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account  
 14 pursuant to subsection (2)(h) are subject to appropriation by the legislature."  
 15

16 **Section 2.** Section 15-68-820, MCA, is amended to read:

17 **"15-68-820. Sales tax and use tax proceeds.** (1) Except as provided in subsections (2) through (6),  
 18 all money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the  
 19 department into the general fund.

20 (2) Twenty-five percent of the revenue collected on the base rental charge for rental vehicles  
 21 under 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the state special revenue fund to the credit  
 22 of the senior citizen and persons with disabilities transportation services account provided for in 7-14-112.

23 (3) Until December 31, 2024, a portion of the revenue collected on the sale or use of  
 24 accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

25 (a) 20% in the account established in 22-3-1303 for construction of the Montana heritage center;  
 26 and

27 (b) 5% in the account established in 22-3-1307 for historic preservation grants.

28 (4) Starting January 1, 2025, a portion of the revenue collected on the sale or use of

1 accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited or distributed as  
2 follows:

3 (a) 6% in the account established in 22-3-1304 for operation and maintenance of the Montana  
4 heritage center;

5 (b) 6% distributed as provided in subsection (5);

6 (c) 6% in the account established in 22-3-1307 for historic preservation grants; and

7 (d) 7% in the account established in 17-7-209.

8 (5) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-  
9 124 and as provided in subsection (5)(b) of this section, the department shall determine the expenditures by  
10 state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax  
11 proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid  
12 with federal funds to the ~~agency that made the in-state lodging expenditure~~ department of administration for  
13 return to the federal government and deposit 30% of the amount deducted less the portion paid with federal  
14 funds in the state general fund.

15 (b) The balance of the tax proceeds received each reporting period and not distributed to agencies  
16 that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the  
17 credit of the department of commerce for tourism promotion and promotion of the state as a location for the  
18 production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to  
19 the state-tribal economic development commission as follows:

20 (i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks  
21 that have both resident and nonresident use;

22 (ii) 68.5% to be used directly by the department of commerce;

23 (iii) (A) except as provided in subsection (5)(b)(iii)(B), 24% to be distributed by the department of  
24 commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism  
25 region to the total proceeds collected statewide; and

26 (B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county,  
27 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
28 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area

1 district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-  
2 county, resort area, or resort area district; and

3 (iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal  
4 economic development commission established in 90-1-131 for activities in the Indian tourism region.

5 (6) The tax proceeds received that are transferred to a state special revenue account pursuant to  
6 subsection (5)(b) are allocated to the entities."

7 - END -